GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:2298
ANSWERED ON:14.03.2008
RATIONALIZATION OF RATES OF DUTY ON PHARMA PRODUCTS
Botcha Lakshmi Smt. Jhansi

Will the Minister of FINANCE be pleased to state:

(a) the details of tax-exemption available to small and medium scale Pharmaceutical enterprises within and outside State;

(b) whether Government has received request in this regard;

(c) if so, the reaction of the Government thereto;

(d) whether the Government is considering a review of the excise duty regime for the non-tax exempt States; and

(e) if so, the details thereof alongwith the time by which such a review is likely to be undertaken?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM)

(a) Pharma units are eligible for general small-scale industries excise duty exemption scheme. As such, units having clearance value upto Rs 4 crore in the preceding financial year are eligible for full excise duty exemption on their first clearances upto Rs 1.5 crore in a financial year, subject to certain conditions. In the States of Uttarakhand & Himachal Pradesh, new units or units undertaking substantial expansion are fully exempt from excise duty, while such units in the North East, Jammu & Kashmir and Kutch are entitled for refund of duty paid in cash.

(b) Government had received requests for increasing eligibility limit under SSI exemption Scheme for pharma units and enhancing the exemption limit. Government had also received requests for reducing the normal rate of excise duty from 16% to 8%/4% on pharmaceutical products including drugs.

(c),(d) and (e) In the budget 2008-09, the issue of excise duty on pharma products was examined and excise duty on pharmaceutical products including drugs has been reduced from 16% to 8%. The tax-exemption under small scale exemption scheme was also examined and it was decided not to make any change for the present.